UNITED
NATIONS

S

Security Council

Distr.
GENERAL

S/1998/90
1 February 1998

ORIGINAL: ENGLISH

REPORT OF THE SECRETARY-GENERAL PURSUANT TO PARAGRAPH 7 OF RESOLUTION 1143 (1997)

I. INTRODUCTION

1. The present report is submitted to the Security Council pursuant to paragraph 7 of its resolution 1143 (1997) of 4 December 1997. In paragraph 6 of the resolution, the Council welcomed my intention as stated in my last report (S/1997/935, para. 90) to submit a supplementary report, and expressed its willingness, in the light of my recommendations, to find ways of improving the implementation of the humanitarian programme for Iraq and to take such action over additional resources as needed to meet the priority humanitarian requirements of the Iraqi people, as well as to consider an extension of the time-frame for the implementation of the resolution.

2. I informed the Council in my last report (ibid. 88 and 89) that, in order to assist the Council, I had directed the Office of the Iraq Programme, taking into full account the relevant resolutions of the Council and the memorandum of understanding, to review with the assistance of all concerned the priority requirements in all relevant sectors, with particular emphasis on enhancing the efficiency and adequacy of the distribution plan. In view of the urgent need to undertake a systematic review of the whole process of contracting, processing of applications and their approval, procurement and shipment and distribution of the items concerned, the Office of the Iraq Programme was also directed to formulate recommendations that identify and address concerns over processing and supply issues, in particular to devise a system that ensured that interrelated applications were clearly identified as such and brought to the attention of the Security Council Committee established by resolution 661 (1990) of 6 August 1990. I welcome the fact that the Council, in paragraph 9 of resolution 1143 (1997), requested the Committee to continue, in close coordination with the Secretary-General, to refine and clarify working procedures in order to expedite the approval process and to report to the Council no later than 30 January 1998.

3. The Office of the Iraq Programme prepared detailed terms of reference and carried out the process and programme reviews requested with the full participation of all the concerned agencies and programmes of the United Nations system, the United Nations Office of the Humanitarian Coordinator in Iraq, which acted as the focal point for coordinating the reviews in Iraq, and the

multidisciplinary observation unit in Iraq. The Government of Iraq was provided with a copy of the terms of reference for both reviews and was also requested to assist in and contribute to both reviews.

4. In carrying out the process review, the Office of the Iraq Programme took into account all views expressed or submitted in written form by members of the Security Council and its Committee, the Government of Iraq and other Member States, as well as the concerned agencies and programmes of the United Nations system. While the Government of Iraq brought to my attention as well as to the Secretariat its views and concerns regarding the procedures and practices of the Security Council Committee, it has not provided its formal response to the outcome of the programme review. Although a number of meetings were held in Baghdad between United Nations personnel and their respective technical counterparts in Iraq, the Government of Iraq stated that it was prepared to supply only information concerning the implementation of the memorandum of understanding. The Government also stated that it had "neither proposed nor discussed any new financial ceiling for the memorandum of understanding, since it was the Government's understanding that the memorandum of understanding was a temporary and exceptional measure to alleviate the suffering of the people of Iraq caused by the sanctions imposed on the country". Iraq's most pressing demand was "that paragraph 22 of Security Council resolution 687 (1991) should be implemented, since the essential requirements set forth in section C of that resolution have been met".

5. The Government of Iraq further stated that ration cards were the responsibility of the Government. While it had no objection to considering alternative points of view put forward by the United Nations agencies and programmes with regard to the nutritional value of items on the ration cards, the Government did not consider it appropriate to discuss them before it knew what increases in supplies would be available under the memorandum of understanding. The Government also stated that "the consideration of any strategy for allocations to the sectors involved [in the distribution plan,] or any additional sectors, will fall within the jurisdiction of the Government of Iraq". While the Government would "benefit from the observations, suggestions and studies" of the United Nations agencies and programmes, the final decision rested with the Government and depended on the increased supplies available under the memorandum of understanding.

6. Accordingly, the programme review was carried out without inputs formally provided by the Government of Iraq. Further, reliable statistical data on the current domestic production of foodstuff could not be established. However, it is estimated that it would be substantially below the level of production prior to 1991. Should the Council approve additional funding, all the recommendations regarding additional inputs would require detailed discussions with the Government of Iraq and local authority counterparts in order to clarify outstanding issues and to establish a clear agreement on priorities. Following this, the Government should present detailed project proposals in line with the approach and format of the proposals to be made available to the Council.

7. I should like to reiterate, as I have stated in my previous reports to the Council, the exceptional and unprecedented complexity of the humanitarian programme being carried out pursuant to Council resolution 986 (1995) of

14 April 1995 and that it should not, therefore, be confused with a development programme and the requirements of such a programme. It is a unique programme, *established by the Council as a temporary measure to provide for the* humanitarian needs of the Iraqi people, which is being implemented within the context of a sanctions regime with all its attendant political, psychological and commercial dimensions, until the fulfilment by Iraq of the relevant resolutions, including notably resolution 687 (1991) of 3 April 1991.

II. PROCESS REVIEW

8. The whole process of contracting, processing of applications, approval by the Security Council Committee, procurement and shipment, as well as the timely distribution of humanitarian supplies within Iraq, constitutes a complex, interdependent and highly time-sensitive chain of activities involving the Security Council Committee, the Government of Iraq and other Member States, the United Nations Secretariat and the agencies and programmes concerned, as well as private firms and financial institutions. In a programme of such unprecedented complexity, which is being implemented within the context of a sanctions regime, it is essential to ensure close cooperation among all concerned and coordination of the whole process in order to achieve as expeditiously as possible the humanitarian objectives of Council resolution 986 (1995).

9. While many of the reasons for the initial slow arrival of humanitarian supplies could be attributed to the start-up problems inherent in any programme as large and complex as that for Iraq, a number of continuing causes of delay have now been identified and should be addressed most urgently. Apart from the improvements necessary to the distribution plan and its annexes, the causes for delay that need to be addressed are mostly procedural and organizational, over and above the issue of the availability of financial resources.

10. The distribution plan and its annexes remain central to the entire process of delivering timely humanitarian assistance to the Iraqi people. There are two main areas for improvement with respect to the annexes of the distribution plan: timing and formatting. Firstly, with regard to the timing, there has been a pause between the extension by the Security Council of the time-frame for the implementation of the relevant paragraphs of resolution 986 (1995) and the submission of the distribution plan for approval, which affects adversely the pace of the implementation of the programme. Secondly, the contents and the formatting of the plan and its annexes should be significantly improved (see paras. 49-51 below). I believe that applications could be presented to the Security Council Committee in the order of their relative priority rather than the current practice of "first come, first served". Such an improvement would bring an overall focus and strategy to the procurement of humanitarian supplies.

11. While the executive summary of the distribution plan discusses the situation in Iraq and the annexes provide a comprehensive list of the items to be procured, the distribution plan does not address such fundamental questions as the objectives to be achieved, the target dates or those responsible for undertaking the activities concerned. The inclusion of the above additional information in the distribution plan would enable the Security Council Committee to review in particular the annexes to the distribution plan at the outset. Any

exceptions that might be stipulated by members of the Security Council Committee could thus be addressed at an early stage in the process, before the commodity concerned became time-critical.

12. In view of the considerable duplication between the successive distribution plans under phases I to III, a single, ongoing distribution plan, kept under constant review and amended as necessary would expedite the whole process, from contracting to distribution of the humanitarian supplies.

13. In addition to the improvements recommended for the formulation of the distribution plan and its annexes, additional measures must be taken in order to accelerate the entire process, in particular by eliminating a number of bottlenecks. This can best be achieved by a combination of advanced planning as early as possible, anticipation of problem areas and proposed solutions to them, improved coordination among all concerned, coupled with improved procedures, including those of the Security Council Committee, and, if necessary, enhanced resources.

14. The establishment of the Office of the Iraq Programme, effective 15 October 1997, to consolidate and manage the activities of the Secretariat pursuant to Security Council resolutions 661 (1990) and 986 (1995) and subsequent resolutions, has already brought about improved management, coordination and an overall direction to the activities undertaken by the United Nations system pursuant to the relevant resolutions of the Council, though it is recognized that further improvements are required. In the light of the findings of the process review, I have already taken a number of decisions within my purview regarding the timely processing and handling of applications, as well as related matters that require action by the Secretariat, the details of which are provided in section IV of the present report.

15. Through these actions, coupled with the decisions that may be taken by the Security Council Committee as a result of its own review of its procedures and working methods being carried out pursuant to paragraph 9 of resolution 1143 (1997), I believe that the process of approvals of applications and delivery of humanitarian supplies to the people of Iraq can be handled more expeditiously.

16. All procedures and activities regarding the implementation of the programme should be under constant review in order to resolve any difficulties faced in the implementation process. After the consideration by the Council of the present report, the process review team of the Office of the Iraq Programme will visit Iraq to review further with the Government of Iraq and the United Nations Office of the Humanitarian Coordinator in Iraq, as well as with the agencies and programmes concerned, inter alia, the effectiveness of the entire logistic support chain, with special emphasis given to food and medical supplies.

17. Concerns expressed regarding the difficulties experienced under the current banking arrangements are being addressed by the United Nations Treasurer in consultation with all concerned. Procurement by the Government of Iraq has also been affected adversely owing to the slowness of the current procedure, under which the 53 per cent account is currently being compensated by the 13 per cent account for bulk purchases of food and medicine by the Government for the

governorates of Dahuk, Erbil and Sulaymaniyah in the north. Efforts are under way to review current procedures to ensure a more expeditious manner of reimbursement to the 53 per cent account.

18. We are at present implementing all three phases of the programme concurrently. This has increased significantly the workload for the United Nations system and has thus extended activities well beyond what was originally expected to be financed by the 2.2 per cent account under different phases. Accordingly, there is a need, inter alia, to prepare a plan and to identify the resources that will be required to complete the activities whose implementation will extend beyond the duration of the programme itself.

19. A serious difficulty faced by the Secretariat as well as the agencies and programmes concerned is the unacceptable rate of turnover of personnel. We are also encountering severe difficulties in attracting as well as retaining experienced and qualified personnel. Undoubtedly, part of the problem is the short term of appointments offered owing to the duration of the mandate, as well as the relatively difficult conditions under which staff must serve in Iraq. The Office of the Iraq Programme, in consultation with all concerned, is exploring various alternatives in order to resolve the difficulties experienced.

20. With respect to the approval process by the Security Council Committee, the period covered by the second distribution plan has been more productive than the first phase. Despite this improvement, however, the rate of approval in the second half of Phase II began to fall short of available revenues, possibly because the Committee, having approved the initial large-dollar-volume food and medicine contracts, was then faced with a heavier workload of smaller-dollar-value and more "sensitive" items. Procedural adjustments in the approval process may therefore be required.

21. The timely and predictable availability of revenues is central to the overall process of delivering the maximum allowable quantity of humanitarian supplies, as quickly as possible, to the people of Iraq. An agreement to have a single, ongoing distribution plan would also help to ensure that there is no disruption in oil sales. The process review demonstrated that the decision of the Government of Iraq to forego oil sales during the first half of the second phase had an overall impact in the slow pace of contracting, approvals and deliveries well in excess of all other causes of delay, including the consideration and approval of contracts by the Security Council Committee.

III. PROGRAMME REVIEW

22. The approach of the programme review was determined by two principal considerations. Firstly, in keeping with the nature of the programme, the review sought to identify a range of measures that would provide complementary inputs to those provided in distribution plans I to III. With the exception of the food sector, where the proposed enhanced food basket is intended to replace that approved under distribution plan III, the projects proposed are to meet humanitarian requirements that hitherto have at best been addressed only partially and in many cases are being addressed for the first time. Secondly, there are several recommended projects that are specifically intended to ensure

the efficient handling, distribution and utilization of commodities provided under Security Council resolution 986 (1995). It may be recalled that in my previous report I had referred to the need to review the operating difficulties of the distribution systems, in particular those related to the food and health sectors, and the extent to which the deterioration of basic infrastructure in other sectors is undermining the value of humanitarian inputs.

23. The programme review adopted a "bottom-up" approach based on interlinked projects, in contrast to the "top-down" general allocations by sector in successive distribution plans. The latter approach identified levels of resources, which then determined procurement for the programme. Although United Nations observers report the proper utilization of most inputs, they have noted that in many sectors the underlying procurement framework of the distribution plans has not fostered an approach where humanitarian problems have been addressed by a corresponding project to target appropriate resources. Moreover, because the scale of requirements far outweighed the resources used to address them, deficiencies were tackled in a piecemeal fashion.

24. The review has attempted to improve the allocation of resources to identified requirements in two ways. It has recommended a project and activity-oriented strategy in response to identified needs. Detailed, interlinked proposals with estimated costs have been grouped together in annex II to the present report. These proposals are intended to indicate to the Council the magnitude of the requirements and a minimum level of financial resources to address the needs in an effective, targeted manner.

25. The type of infrastructure rehabilitation envisaged will necessarily entail a degree of local expenditure in terms of raw materials, labour, maintenance, training and installation costs. The United Nations expects that, as with those rehabilitation projects undertaken to date under the distribution plans, associated costs will be borne by the Government of Iraq. Nevertheless, the programme review results recommended a significantly greater scale of rehabilitation than undertaken under distribution plans I to III and the associated costs will consequently also be on a greater scale. During the review it became apparent that unless implementation costs were guaranteed at the outset, the pace at which projects could be implemented would be greatly slowed and, in some cases, projects might prove impossible to undertake at all. In the event that the requisite resources needed by individual Iraqi ministries are not forthcoming in a timely or sufficient manner, the United Nations may have to seek the agreement of the Government of Iraq for the utilization of funds from the 53 per cent account by United Nations agencies and programmes in order to facilitate the timely and efficient use of inputs under this programme. If this proves possible, it should be understood by all parties concerned that any funds allocated in this manner will be used exclusively by United Nations agencies and programmes for the purpose of providing inputs and services. All necessary safeguards will be put in place to ensure that such measures will be handled with full transparency and accountability, both to the Government of Iraq and to the Security Council Committee. With regard to the provision of international expertise needed in such projects, associated costs should be borne through contractual arrangements under the 53 per cent account. All provisional estimates for complementary implementation costs should be subject

to technical review by the Government of Iraq, in conjunction with relevant agencies and programmes of the United Nations.

26. In the course of the electricity sector programme review, it became increasingly clear that the scale of the problems, and the resources required to address them, were completely different from those which affect other sectors. Provisional estimates considered during the programme review indicated that some $870 million would be required to address immediate rehabilitation and maintenance needs for the electricity infrastructure (generation, transmission and distribution) and the total value of all projects necessary to address the sector's operating problems amounted to over $7 billion. The implementation time of many requirements extends to two years or more. Clearly, the magnitude of such requirements places them outside the framework of Security Council resolution 986 (1995). Nevertheless, electricity was defined as an appropriate area of assistance in the memorandum of understanding and there is a clear humanitarian justification. In certain cases, the provision of emergency generators to particular facilities is the most appropriate and immediate remedy to the lack of a guaranteed power supply.

27. However, I wish to bring to the Council's attention the severity of the problems afflicting the sector as a whole. At present, the maximum power-generation capacity is about 40 per cent of the original installed capacity. Load-shedding schemes have been introduced throughout the country. Because it has been necessary to operate many generating units under conditions for which they were not designed, without the recommended protection devices and safety controls, generating units have been placed at risk of sudden and total failure. Similarly, distribution systems are deteriorating. In the northern governorates of Dahuk, Erbil and Sulaymaniyah some 1,000 transformers are failing per month. The present level of funding cannot reduce this failure rate, much less replace the transformers that have already failed. Electricity supply to communities is in a dangerous state, leading to injuries and deaths. Under present conditions, the rate of deterioration will continue to increase and, with it, the threat of a complete breakdown of the network. The humanitarian consequences of such a development could potentially dwarf all other difficulties endured by the Iraqi people.

28. As a result, with the three exceptions to be implemented in the governorates of Dahuk, Erbil and Sulaymaniyah, all proposed electricity projects have been grouped separately and will be made available to the Council in an informal paper. With regard to the governorates of Dahuk, Erbil and Sulaymaniyah, the programme review has concluded that the procurement-driven approach of local authorities under distribution plans I to III needs to be replaced by a broader and technically sound management strategy. A professional evaluation is urgently needed to assess accurately the condition of the networks, with particular emphasis on safety and security, and to develop implementation strategies that fully take into account the shortages of skills in the sector. With regard to the electricity proposals for the 15 central and southern governorates, United Nations experts are of the opinion that the recommendations are realistically costed and that the projects envisaged are necessary. When sufficient data are provided, they will be able to evaluate individual proposals and their relative priority.

A. Outline of sectoral proposals for central and southern Iraq

Food/nutrition

29. As indicated in my last report (S/1997/935), the nutritional security of the Iraqi people has remained unsatisfactory, notwithstanding the implementation of resolution 986 (1995). Surveys by United Nations agencies and programmes continue to show that the nutritional situation of the Iraqi population is below internationally accepted standards. Of particular concern is the prevalence of acute malnutrition in children under five years of age. The programme review has further highlighted the complexity of the issue with regard to the most appropriate balance between food rations, special feeding programmes and enhanced food production. It has also re-emphasized that genuine nutritional security cannot depend on food alone, but, inter alia, is affected by the prevalence and extent of coexisting disease, the deterioration in water and sanitation infrastructure, dilapidated health facilities and reduced agricultural production.

30. The recommendations stemming from the programme review seek to strike a balance between an enhanced food basket, enhanced support for food production in order to provide access to a greater intake of animal protein outside the ration system and, very importantly, the need to meet the emergency requirements of the severely malnourished through targeted supplementary and therapeutic feeding programmes. In so doing, the review has attempted to recommend the most effective use of the additional resources requested.

31. The current food basket provides 2,030 kilo-calories per person per day, and 47 grams per person per day of vegetable protein. Because of delays in arrival, the full basket could only be distributed on time in August 1997 and the actual nutritional benefit has thus been less than intended. Further consideration of the nutritional requirements of the Iraqi population by United Nations nutritional experts has concluded that the target level was too low to provide the requisite nutritional security. Therefore, the nutritional target value of the basket should be increased to 2,463 kilo-calories per person per day and 63.6 grams of protein per person per day. This would represent a 21 per cent increase in energy and a 35 per cent increase in proteins, including animal protein for the first time in the implementation of resolution 986 (1995). This could be achieved through the addition to the enhanced basket of suitable items such as cheese and full-cream powdered milk for adults, as well as additional quantities of rice, pulses and vegetable oil or other products providing high-quality protein, calcium, thiamine and vitamin C. For adults, the addition of milk powder would provide protein and contribute to meeting a proportion of daily calcium recommendations, currently lacking in the basket. The World Food Programme (WFP) estimates that the importation and distribution of these two items is viable within two to three months. Despite the serious reservations of United Nations agencies and programmes about the provision of infant milk in the ration basket, the Government of Iraq has indicated in informal exchanges that it will not accept the removal of infant milk from the basket. The enhanced basket therefore retains infant formula, but adds fortified weaning cereal to complement nutritional intake after six months. It should be noted that items containing higher-quality animal proteins are

considerably more expensive than lower-quality products. Whereas the current food basket represents a per capita expenditure of $37 per person, the enhanced basket considered would represent a per capita expenditure of $60 over a six-month period. However, it must be stressed that the exact composition of the proposed basket is provisional; while the inclusion of such items as cheese and milk powder for adults will help towards achieving the identified nutritional target, other options are still being considered as cost-effective alternatives and would require the Government's approval.

32. It should be pointed out that the financial allocations proposed would not be entirely sufficient to meet the nutritional target mentioned above. It is expected, however, that the additional caloric and protein requirements can be met from resources outside the framework of resolution 986 (1995), including local production. In this context, it may be noted that the assessment mission to Iraq carried out by the Food and Agriculture Organization of the United Nations (FAO) and WFP, in June/July 1997, stated that:

> "Up to 1990, domestic food production accounted for only one third of total utilization, even in exceptionally good years, with the balance covered by imports. During this time, the estimated cost of food imports averaged around $2 billion per year, though in poor production years the import bill could rise to $3 billion. Since the oil embargo in August 1990, up to the implementation of the oil-for-food deal in December 1996, the country had to rely mainly on domestic production to meet food needs, as its capacity to import food commercially remained heavily constrained by the loss of export revenues."

33. In addition to supporting food intake through the ration basket, it is recommended that additional funds be authorized to increase the production of eggs and chickens through pilot projects designed by FAO and the Ministry of Agriculture. At present, the Ministry of Trade's rationing system does not have the capacity to distribute these commodities, so, with safeguards on pricing and geographical coverage, it is proposed to use the market as the most appropriate means of distribution. Although the start-up time for these projects is slower than direct imports, they provide a more cost-effective and practical solution to the problem of providing fresh meat to the population.

34. Notwithstanding efforts by the Government of Iraq to address some of the needs of those most at risk of malnutrition outside the context of resolution 986 (1995), all available information from United Nations agency and programme surveys indicates a continuing problem that is of very great concern indeed to the Organization. I, therefore, consider it an essential requirement that, within the overall food/nutrition strategy, needs requiring special inputs should be met in the shortest possible time and in the most transparent manner. Drawing on the work of United Nations agencies and programmes with those most at risk of malnutrition in Iraq, the programme review has identified key weaknesses in existing arrangements. The Iraqi authorities have only a limited capability as regards the early identification of malnourished children; children discharged from nutritional rehabilitation centres require supplementary feeding to ensure continued recovery; those caring for children often have little knowledge of proper nutrition practices; and the existing 1,489 community child-

care units suffer from shortages of the supplementary foodstuffs needed for moderately malnourished children.

Health

35. In the health sector, United Nations observation has established that neither the current level of stocks nor quantities in the procurement pipeline under the distribution plan are adequate. To prevent a recurrence of the shortages reported by United Nations observers on a weekly basis, a further substantial tranche of medicine and medical supplies is required. In order to enhance the effectiveness of commodities provided under distribution plans I to III, projects are proposed to improve the storage, transport and cold-chain systems.

36. In the health sector, the programme review has identified as key requirements the provision of a guaranteed power supply to hospitals and health facilities and other essential hospital services such as water supply, sanitation and waste disposal. As a result, it is proposed that hospitals be rehabilitated at the primary, secondary and tertiary levels. Without such a level of rehabilitation, the current deterioration in the hospital infrastructure is likely to continue. Furthermore, assistance provided to primary health-care units is essential to relieve pressure on the system as a whole.

37. On the grounds of both equity and the rational use of resources, these needs must be addressed in a more comprehensive and project-oriented manner than has previously been done. In this context the implementation of these projects will require, in addition to the provision and funding of labour and basic construction materials by the Government of Iraq, the provision of training, design and other consultancy services that cannot be easily managed without the provision of funds to the United Nations agencies and programmes assisting the Government of Iraq in these vital programmes.

Agriculture

38. In addition to the proposals for the enhanced production of eggs and chickens, the range and quantity of foodstuffs is to be increased by special assistance to fruit and vegetable production. A range of urgent measures are required to safeguard other key aspects of livestock production. These include the restoration of an adequate diagnostic and operational capability in the veterinary service, without which a rational, targeted response to the problems experienced in animal production cannot be undertaken. Additional resources are requested to vaccinate and treat the main animal diseases prevalent in Iraq, which in some cases constitute a threat not only to Iraq, but also to neighbouring countries and for which few or no adequate protective or remedial measures have been taken to date.

Water and sanitation

39. Urgent assistance is required over and above that provided in the distribution plans to ensure the enhanced performance of water-treatment plants and associated distribution and drainage networks. The latter will enable a substantial amount of work to be undertaken that will reduce the loss of water through leakage. Treatment chemicals for safe drinking-water will be provided in an amount sufficient for one year's supply. Water quality and control will be facilitated by the rehabilitation of an effective water-monitoring system. In respect of sanitation, an improvement is envisaged by additional inputs to sewage treatments, jetting vehicles and garbage-collection vehicles.

Education

40. Proposals include the rehabilitation of some 5,000 schools that require major work but do not require complete reconstruction. This represents nearly 50 per cent of the whole school system. Priority measures will include the provision of water and sanitation where required, as well as essential structural work to improve the teaching and learning environment in order to increase attendance. School supplies, including desks, blackboards and education kits for pupils and teachers, will be provided.

B. Programme in the governorates of Dahuk, Erbil and Sulaymaniyah

41. While initial implementation of Security Council resolution 986 (1995) in the governorates of Dahuk, Erbil and Sulaymaniyah by the United Nations and its agencies and programmes has been slow, commodities are beginning to arrive in greater volume and activities on the ground are under way in all sectors. There are early indications that the distribution of food since April 1997, coupled with the initiation of a targeted supplementary feeding programme, has begun to improve the poor nutritional status of the area's population. Since November 1997, medicines have been arriving steadily in increasing quantities, resulting in cautious optimism that continued regular deliveries will meet immediate and future needs.

42. Notwithstanding progress in these two areas, the humanitarian situation in the three northern governorates, as in the rest of Iraq, remains precarious, requiring more attention in particular to the resettlement of the internally displaced, to electricity, water and sanitation, and to agriculture. The resources available for the electricity sector, even if commodities were to arrive immediately, are insufficient to reverse the accelerating deterioration and imminent collapse of electricity generation, transmission and distribution from the Dokan and Derbendikan dams. In particular, the serious structural damage to the dam in Derbendikan requires attention. Shortages in electricity have a critical impact on virtually all other sectors, including hospitals and pumps for water and sewerage, as well as irrigation.

43. A serious health hazard exists in the major centres of Dahuk, Erbil, and Sulaymaniyah owing to the lack of proper garbage removal and inadequate water treatment. As a result, the health of the towns' residents is at risk, as well

as those living downstream. The agricultural sector, which is of vital importance for both nutrition and resettlement, continues to suffer from declining yields as a result of monoculture and lack of pesticides, fertilizers and spare parts for machinery. Only 23 out of 600 poultry farms remain in operation and food processing is far below its original capacity. Although inputs from ongoing distribution plans will assist in increasing the production of cereal crops, a further allocation is required to improve local expertise and to realize the sector's potential for redressing nutritional shortfalls in animal proteins. A serious problem of deforestation must also be reversed in order to preserve soils and to prevent silting up of hydroelectric and irrigation systems.

44. A shortage of resources also slows progress in education, demining and resettlement. A recent survey conducted by the United Nations Educational, Scientific and Cultural Organization confirmed that 80 per cent of the approximately 1,900 school buildings in the area suffer from serious structural damage. The newly begun production of school desks continues to fall well short of needs and funds for books and other instructional materials are limited. The current demining programme, which relies on hand-clearance techniques, will be capable of very limited progress in dealing with the landmines in the area, estimated at well in excess of 10 million. Finally, it could take several years at current expenditure rates to provide adequate housing and social services to the approximately 650,000 displaced persons in the region.

45. Additional resources are proposed to redress the humanitarian shortfalls in the governorates of Dahuk, Erbil and Sulaymaniyah. Among priority proposals are those which address the most urgent health needs by correcting water and sanitation deficiencies in the three urban centres and by initiating a poultry production programme to correct dietary deficiencies in animal proteins. Water and sanitation projects include new water-treatment plants in Dahuk, Erbil and Sulaymaniyah, and the provision of equipment for garbage removal and sanitary landfill. The agricultural component includes an initial investment in rehabilitating 250 small poultry farms, plus upgrading food preservation plants and providing veterinary services and agricultural training. A recurring additional expenditure is proposed for poultry feed, additional fertilizers and pesticides, and a reforestation and range-management programme.

46. Provision of adequate electricity in the governorates of Erbil and Sulaymaniyah relies in the first instance on the irrigation and power-generation dams at Dahuk and Derbendikan. A recent technical mission sponsored by the United Nations has determined that the danger of erosion and serious structural damage at Derbendikan dam must be averted. In the electricity sector, the proposed project will also permit repairs to the Dokan dam and the completion of work on the Derbendikan dam, which remains unfinished since initial construction. Once this first step has been completed, large subsequent expenditures, roughly estimated at over $625 million, may be required to refurbish generation, transmission and distribution systems and to restore production to a level sufficient to meet the needs of the area. However, a thorough strategic assessment of the existing state of the system in the area must first be completed in order to identify the options available and to replace the current "patchwork" approach with a sound, integrated and balanced plan to meet the area's minimum energy needs. This assessment, which should

begin immediately, will examine system design, operation and maintenance, protection, reliability and training. Upon completion of the strategic assessment, sufficient information will be available to design and cost an integrated set of subprojects to meet the area's essential electricity needs.

47. The project proposals include initiatives to bring implementation on the ground into line with absorptive capacity. They include the experimental introduction of a mechanical mine-clearance capacity for use in agricultural areas and the local manufacture of more prostheses. With respect to education, additional educational materials should be purchased and the earlier plan to construct an additional 150,000 school desks should now be implemented, along with the rehabilitation of an additional 500 primary and 200 secondary schools, as well as of 20 centres for disadvantaged children. Other measures include the rehabilitation of local printing presses and vehicles for social workers assisting disadvantaged children. A small sum is allocated to extend the nutrition-monitoring system from governorate to district level.

48. Every effort must be made to speed the rate at which the internally displaced are better housed and supported. To that end, proposed activities are based on an assessment of remaining construction capacity and an increased involvement by non-governmental organizations. A modest sum has also been incorporated into the shelter sector to allow a minimum level of maintenance of associated infrastructure. This is required, especially in winter, to improve both local planning and the timely delivery of humanitarian supplies and services to remote areas. Finally, the project proposals include limited additional activities for the food and nutrition and health and medicine sectors, as the major needs in these areas are being addressed on a country-wide basis.

IV. OBSERVATIONS AND RECOMMENDATIONS

A. Process review

49. I should like to reiterate that the distribution plan and its annexes remain central to the entire system of procurement, approval and distribution of humanitarian supplies. Accordingly, it is recommended that the content and presentation of the distribution plan be significantly improved by providing, inter alia, an indication of the priorities of the supplies requested as well as their interrelationships, if any, within the context of a project or activity, the required delivery dates, preferred points of entry and the targeted objectives to be achieved. Currently, the distribution plan and its annexes provide only a code for each commodity and the quantity required. The Office of the Iraq Programme as well as the agencies and programmes of the United Nations system stand ready to provide all assistance to the Government of Iraq in formulating a more informative distribution plan.

50. The additional information contained in the distribution plan will facilitate and expedite the processing of applications and the approval process by the Security Council Committee. The Committee could review the distribution plan and its annexes at the outset in order to allow members of the Committee to identify any exceptions that they may wish to stipulate or any additional

information required in order to enable the Secretariat to address the issues, in full consultation with the Government of Iraq and all others concerned.

51. In order to avoid the considerable and time-consuming efforts and difficulties experienced in the preparation of the distribution plans under phases I to III, as well as the corresponding administrative and operational difficulties arising therefrom, there should be a single, ongoing distribution plan, kept under constant review and amended as necessary.

52. As a result of the process review, I have decided to enhance the capacity of the Office of the Iraq Programme in the timely processing of applications and provision of support to the Security Council Committee. The Office should have the required and appropriate staff resources, including the necessary support of technical advisers.

53. I have also directed the Office of the Iraq Programme:

(a) Effective immediately, to process within two business days all applications received that are in compliance with the procedures of the Security Council Committee and consistent with the approved distribution plan or any amendments thereto, in anticipation of availability of funds. Once applications are approved, however, the approval letters should be released by the Secretariat only after confirmation by the Controller that sufficient funds are available;

(b) In full consultation with the Government of Iraq, the United Nations Office of the Humanitarian Coordinator in Iraq and the United Nations agencies and programmes concerned, to provide to the Security Council Committee all necessary information on priorities, interrelated and time-sensitive applications, the required delivery dates, potential dual-usage items and spare parts, and any additional information on applications with which the Committee may wish to be provided;

(c) In consultation with all concerned, to utilize the United Nations observers in Iraq in such a way as to provide the required assurances to the Security Council Committee that all supplies authorized for procurement, including potential dual-usage items and/or spare parts are indeed utilized for the purpose for which they have been authorized;

(d) To ensure, in full cooperation with the Chairman of the Security Council Committee and its secretariat, that approval letters by the Chairman of the Committee are transmitted, provided that funds are available, within one business day of the approval of an application by the Committee;

(e) To organize, with the participation of all concerned, briefings, as necessary, for all interested representatives of the permanent and observer missions to the United Nations, on the rules and procedures of the Security Council Committee and the understandings reached by the Committee, as well as on procedures on the preparation and submission of applications, and to provide any assistance required by them, as appropriate;

(f) To organize also on a regular basis informal briefings for members of the Security Council Committee informing them of the progress in the implementation of the programme as well as any difficulties that may be experienced in the process;

(g) To serve as a focal point for tracking and coordination of all activities regarding the preparation and approval of the distribution plan, revenue generation and allocation of funds, processing, circulation and approval of applications, processing of letters of credit, procurement, delivery, authentication and quality checks by the independent inspection agents at points of entry, as well as the distribution of supplies in Iraq. The Office will be supported, as appropriate, by a technical advisory team, to include, as necessary, experts from agencies and programmes of the United Nations system;

(h) To establish a comprehensive integrated information system in order to improve the timely provision to the Security Council and its Committee, all Member States and others concerned of authoritative information on the progress of each application through the whole process from contracting to distribution of humanitarian supplies in Iraq and on the implementation of the programme, with due caution being exercised in relation to proprietary commercial information;

(i) To review the reporting procedures and submit to the Security Council Committee for its consideration a revised format and calendar for submission of reports in order to streamline and improve the focus of reporting on the implementation of the programme and to contribute to the transparency of the operations;

(j) To enhance the capacity of the independent inspection agents to authenticate and provide quality control of the commodity flows expeditiously; to ensure that they report to the Office of the Iraq Programme and to the United Nations Office of the Humanitarian Coordinator in Iraq the authentication of the arrival of supplies within 24 hours; and to enhance their capacity to perform quality tests within the shortest period technically possible, as well as to perform quality tests inside Iraq;

(k) In full cooperation with the Department of Public Information, to develop centrally and to disseminate on a regular basis information on the objectives and progress in the implementation of the programme and its impact on the humanitarian situation in Iraq. Information should also be provided on the activities in Iraq of the agencies and programmes concerned;

(l) In full consultation with the United Nations Controller and all others concerned, to review options and make the necessary adjustments to the current procedure in order to expedite the reimbursements from the 13 per cent account to the 53 per cent account for expenditures involved for bulk purchases of food and medicine by the Government of Iraq for the governorates of Dahuk, Erbil and Sulaymaniyah in the north;

(m) Working closely with the United Nations Controller, to prepare a plan and identify the resources that will be required to complete the activities whose implementation will extend beyond the duration of the programme itself.

54. As mentioned above, I have directed the United Nations Treasurer, in consultation with all concerned, to address the concerns expressed regarding the difficulties experienced under the current banking arrangements, including the Government of Iraq, members of the Security Council Committee and the Banque nationale de Paris, with a view to resolving the difficulties encountered and concerns expressed, in particular with regard to the opening of letters of credit.

55. In order further to expedite activities related to banking arrangements, I should like to urge the Government of Iraq to deploy to New York a representative of the Central Bank of Iraq, at the appropriate level. Furthermore, in order to assure financial predictability, confidence and stability, which are fundamental to the efficient implementation of the programme, the Government is also urged to ensure the sale of oil at a steady rate throughout the period authorized by the Council.

56. Agencies and programmes of the United Nations are urged to submit their applications for procurement when most of the details of future contracts are worked out with their suppliers in order to avoid submission of amendments to their original applications.

57. I have been following with keen interest the review of its procedures undertaken by the Security Council Committee pursuant to paragraph 9 of resolution 1143 (1997). The Secretariat has been providing all necessary support in this regard and I look forward to the recommendations and decisions made by the Committee with a view to expediting the approval process.

58. The Committee may wish to consider the following measures in order to expedite the approval process and contribute further to the timely arrival of humanitarian supplies in Iraq:

(a) Subject to agreement on my recommendations concerning the format of the distribution plan and while retaining the current flexibility in the Committee's rules and procedures as well as understandings reached, the Committee may wish to consider using required delivery dates for prioritizing the consideration of applications;

(b) The Committee may wish to review annexes to the distribution plan(s) at the outset in order to identify as early as possible those items which could be subject to "holds" and those on which further information and end-use verification are likely to be required;

(c) To consider and approve applications even in advance of the availability of funds in the United Nations Iraq Account, on the understanding that approval letters will be released by the Secretariat only after confirmation by the Controller that sufficient funds are available in the account;

(d) In order to expedite the processing of applications placed on hold, the Committee may wish to reach an understanding that for items placed on hold, written and explicit explanations should be provided within 24 hours in order to enable the applicants to provide any additional information required;

(e) To be as flexible and pragmatic as possible in responding to unforeseen developments, such as epidemics or natural disasters, for example, the current screwworm epidemic threatening not only livestock in Iraq but in the neighbouring countries as well;

(f) With a view to expediting the approval of applications, the Committee may also wish to consider the possibility, within the context of its review at the outset of the distribution plan and its annexes, of delegating approval authority to the Secretariat, utilizing its technical experts, for items such as food and routine medicine and health supplies, subject to the provision that such applications are in full compliance with the approved distribution plan and its annexes, both in terms of quality and quantity, as well as subject to guidelines and points of understanding elaborated by the Committee.

59. It is recommended that the Security Council, bearing in mind that the preparation of a separate distribution plan for each phase has involved tremendous and time-consuming efforts by all concerned, contributing to unacceptable disruptions in programme implementation, consider granting authorization for the programme to be implemented on the basis of an ongoing distribution plan that could be amended as necessary.

60. The Council may also wish to appeal to all States to cooperate in the timely submission of applications to the Secretariat and the expeditious issuance of export licences, to facilitate the transit of humanitarian supplies authorized by the Security Council Committee and to take all other appropriate measures within their competence in order to ensure that urgently required humanitarian supplies reach the Iraqi people as rapidly as possible.

B. Programme review

61. With regard to the electricity sector, I have already drawn the Security Council's attention to the extreme gravity of the situation and its accelerating decline with potentially disastrous consequences. This matter would require separate consideration by the Council. As regards the northern governorates of Dahuk, Erbil and Sulaymaniyah, I have given UNDP the task of undertaking, as a matter of the utmost urgency, a survey to outline a strategy and identify essential priority measures and their cost. Following that evaluation, in full consultation with the Government of Iraq, I intend to return to the Council with proposals for appropriate funding. With regard to the situation in central and southern Iraq, the rate of deterioration is believed to be as serious. I reiterate my serious concern as to the potential consequences of a breakdown of the network and its attendant humanitarian consequences. It is therefore, all the more important that this situation receive the full attention and combined expertise of both the Iraqi authorities and United Nations experts in order for priorities within the Government's strategy to be quickly determined and costed. This review should specify projects that need to be undertaken immediately, as well as those which can only be taken in the medium or longer term. I encourage the Government of Iraq to present an appropriate programme to the Council for funding upon completion of the evaluation.

62. Based on the results of the programme review, I also recommend that additional resources be targeted to support community childcare units, nutritional rehabilitation centres and primary health centres, which are already involved in treating severe to moderate malnutrition through growth monitoring, education of mothers, provision of therapeutic milk to children in the centres and supplementary food for the child and family. In particular, the community childcare system should be expanded with the establishment of a further 1,500 centres. I also recommend that supplementary food be provided for a minimum target population of 1,904,000, comprised of chronically malnourished children under five years of age, pregnant women or lactating mothers, internal displaced persons, returnees and hospital in-patients.

63. As previously indicated, subject to approval by the Security Council of additional funding, all of the recommendations will require detailed discussion with the Government of Iraq and local authority counterparts in order to clarify outstanding issues and to establish a clear agreement on priorities. Following this, the Government should present a detailed submission in line with the approach and format of the project proposals.

64. In the programme review, an effort was made to respond to the most immediate needs identified with regard to inadequate nutritional levels and shortages of medicine and medical supplies. Also, measures were identified to increase the efficiency of distribution systems and to halt the continuing deterioration in infrastructure in all sectors because of the direct and indirect impact on the health and nutritional status of the population. The review provided an opportunity to examine the results of nearly one year's observation in all sectors and to identify remedial measures, within the framework of resolution 986 (1995), which, in the opinion of United Nations agencies and programmes, ought to be taken in response to the manifest hardship experienced by the Iraqi population. As a result, the proposed sectoral projects reflect the magnitude of the problems faced today in Iraq. This has an inevitable financial implication, which is shown in the total allocation required to meet those humanitarian needs. The framework of paragraph 8 of resolution 986 (1995) has also necessarily been taken into account when reaching the total figure proposed. Although the amount proposed may be considered a very substantial addition to funds already authorized, it should be noted that it does not begin to address the major problems affecting the electricity sector throughout the country.

65. The scale of increased resources needed obviously raises questions concerning how this revenue target will be achieved. I am mindful that the programme review focused exclusively on the humanitarian requirements and therefore did not tie its recommendations to a notional oil-pumping capacity, which could not be verified. Subject to the Council's approval of the enhanced programme, discussions will commence with the Government of Iraq, both on the programme and on the modalities of raising the funds required over a 180-day period, which will be determined to a large extent by Iraq's capacity to produce and export oil. To make the most effective use of resources in the shortest possible time, the United Nations invites the Government of Iraq to discuss its envisaged strategy to redress the serious nutritional situation. We would expect those consultations to identify a balanced allocation of resources between the food basket, immediate targeted distribution to those most at risk

and enhanced food production. With respect to the other sectors where projects, though urgent, are not tied to regular distribution in the same way as the food and nutrition sector, the United Nations invites the Government of Iraq to come forward with an implementation time-frame that will explain the relative priority and expected completion dates of activities.

66. The programme review has sought to identify essential humanitarian requirements that have not been met to date and to ensure a more effective implementation of the distribution plan. The current level of funding authorized under resolution 986 (1995) provides for the sale of $2 billion worth of petroleum and petroleum products, of which $1.32 billion is available for the purchase of humanitarian goods. Since the start of implementation of resolution 986 (1995), it has become increasingly apparent that this sum is inadequate to prevent further deterioration in humanitarian conditions and cannot effect the improvement in the health and nutritional status of the Iraqi population the Council hoped for when it unanimously adopted the measure. Therefore, in the light of the detailed recommendations from the programme review, I am convinced that expanded assistance is urgently required to address the humanitarian situation in Iraq and that, within the framework of resolution 986 (1995), the provision of additional resources in a targeted manner is the most effective way of addressing those needs at the present time. Should the Council approve this recommendation, the level of additional resources - over and above the $1.32 billion provided under the current arrangements - required to meet the priority, interlinked proposals listed in annex II would amount to $2,115,570,590, of which $1,017,556,990 and $1,098,013,600 will be allocated, respectively, to recurrent and non-recurrent expenditures. Should the Council approve the recommendations, the total cost of the humanitarian programme undertaken under resolution 986 (1995) would be $3,550,792,276. This does not take into account the provisions of paragraph 8 of resolution 986 (1995), under which 30 per cent of the total proceeds are allowed for the Compensation Fund. Consequently, the application of paragraph 8 would require the production of an additional amount of $1,655,648,012 worth of oil, including $1,561,932,086 for the Compensation Fund, bringing the total to $5,206,440,288 (see annex I).

67. In conclusion, I should like to emphasize the following, as I did in my previous report. In implementing the programme to meet the humanitarian needs of the Iraqi people, we must remember the human dimension. I therefore urge the Security Council to bear this in mind in reviewing the observations and recommendations contained in the present report.

Annex I

Financial overview

(United States dollars)

Sector	Current distribution plan III[a] allocation	Additional allocation	Distribution plan III + additional allocation
Food/nutrition	916 010 000	618 801 990	
Health	210 000 000	566 760 000	
Agriculture	50 000 000	352 108 100	
Water and sanitation	44 170 000	321 000 000	
Education	27 000 000	140 220 500	
Resettlement	11 000 000	30 000 000	
Demining	1 000 000	10 180 000	
Electricity	61 500 000	76 500 000	
Total, 53 per cent + 13 per cent[b]	1 320 680 000	2 115 570 590	3 436 250 590
Total, 2.2 per cent[b]	44 022 667	70 519 020[c]	114 541 686[c]
Total humanitarian allocation	1 364 702 667	2 186 089 610	3 550 792 276
Revenue required to meet the total allocation in accordance with paragraph 8 of Security Council resolution 986 (1995)	2 001 030 303	3 205 409 985	5 206 440 288

[a] Distribution plan III was submitted by the Government of Iraq in accordance with Security Council resolution 986 (1995) and the memorandum of understanding and approved by the Secretary-General on 5 January 1998.

[b] The 53 per cent, 13 per cent and 2.2 per cent figures are in accordance with paragraph 8 of resolution 986 (1995).

[c] While the 2.2 per cent allocation stipulated in resolution 986 (1995) has been maintained for the purpose of the present annex, every effort will be made to minimize actual costs.

Annex II

Projects envisaged in addition to distribution plan III

Sector	Project outline	Estimated cost (United States dollars)
Food/nutrition	Food basket[a]	
	1. Enhancement of the resolution 986 (1995) food basket.	527 283 870
	Nutrition	
	2. Early identification and rehabilitation of malnourished children.	
	3. Supplementary feeding programme for those most at risk of malnutrition.	
	4. Emergency nutrition information system.	
	5. Laboratory equipment (3 northern governorates).	
	6. Nutrition information system (3 northern governorates)	
	Subtotal	91 518 120
	Total allocation	618 801 990
	Of which:	
	Recurrent costs	617 901 990
	Non-recurrent costs	900 000
	Estimated delivery time of goods: 4 months.	
	Estimated implementation time: 8 months.	
Health	1. Emergency provision of medicines and medical supplies.	
	2. Rehabilitation of the drug distribution system.	
	3. Rehabilitation of the primary health-care system.	
	4. Rehabilitation of secondary care hospitals.	
	5. Rehabilitation of tertiary care hospitals.	

Sector	Project outline	Estimated cost (United States dollars)
	6. Rehabilitation of primary health care (3 northern governorates).	
	Total allocation	566 760 000
	Of which:	
	Recurrent costs	117 320 000
	Non-recurrent costs	449 440 000
	Estimated delivery time of goods: 6-8 months.	
Agriculture	1. Emergency rehabilitation of the veterinary distribution cold chain.	
	2. Emergency performance enhancement of the State Veterinary Department.	
	3. Old World screwworm surveillance and control.	
	4. Livestock vaccination campaigns.	
	5. Brucellosis-tuberculosis surveillance and control.	
	6. Reactivation of small-scale broiler farm production.	
	7. Reactivation of large-scale table egg production.	
	8. Enhancement of small-scale rural vegetable production.	
	9. Enhancement of small-scale rural fruit production.	
	10. Rehabilitation of veterinary centres (3 northern governorates).	
	11. Rehabilitation of agricultural centres (3 northern governorates).	
	12. Revival of small-scale poultry production (3 northern governorates).	
	13. Reafforestation (3 northern governorates).	

Sector	Project outline	Estimated cost (United States dollars)
	14. Agricultural chemicals (3 northern governorates).	
	Total allocation	352 108 100
	Of which:	
	Recurrent costs	209 085 000
	Non-recurrent costs	143 023 100
	Estimated delivery time of goods: 2 weeks-4 months.	
	Lead time for availability of produce: 3-12 months.	
Water and sanitation	1. Enhancement of water- and sewage-treatment plants.	
	2. Enhancement of the water distribution and disposal network.	
	3. Provision of water-treatment chemicals for drinking-water security.	
	4. Overhaul of existing water and sanitation service vehicles.	
	5. Enhancement of the existing monitoring system.	
	6. Enhancement of sanitation systems (3 northern governorates).	
	Total allocation	321 000 000
	Of which:	
	Recurrent costs	16 000 000
	Non-recurrent costs	305 000 000
	Estimated delivery time of goods: 8 months.	
	Estimated implementation time: 4-12 months.	
Education	1. Emergency rehabilitation of schools.	
	2. Provision of classroom items.	
	3. Provision of essential supplies.	
	4. Rehabilitation of printing presses.	

Sector	Project outline	Estimated cost (United States dollars)
	5. Rehabilitation of schools (3 northern governorates).	
	6. Rehabilitation of childcare institutions (3 northern governorates).	
	7. Provision of educational supplies (3 northern governorates).	
	8. Rehabilitation of printing presses (3 northern governorates).	
	Total allocation	140 220 500
	Of which:	
	Recurrent costs	48 250 000
	Non-recurrent costs	91 970 500
	Estimated delivery time of goods: 3-6 months.	
	Estimated implementation time: 1 year.	
Resettlement	Shelter rehabilitation (3 northern governorates).	
	Total allocation	30 000 000
	Of which:	
	Non-recurrent costs	30 000 000
	Estimated delivery time and implementation period: 1 year.	
Demining	1. Mine clearance through rental of equipment (3 northern governorates).	
	2. Support to victims of landmines (3 northern governorates).	
	Total allocation	10 180 000
	Of which:	
	Recurrent costs	9 000 000
	Non-recurrent costs	1 180 000
	Estimated delivery time and implementation period: 1 year.	

Sector	Project outline	Estimated cost (United States dollars)
Electricity	1. **Structural repair of dams** (3 northern governorates).	
	2. **Rehabilitation of generating units** (3 northern governorates).	
	3. **Network capacity survey** (3 northern governorates).	
	Total allocation	76 500 000
	Of which:	
	Non-recurrent costs	76 500 000
	Estimated delivery time and implementation period: 1 year.	
	Total	2 115 570 590
	Of which:	
	Recurrent costs	1 017 656 990
	Non-recurrent costs	1 098 013 600

[a] **The total cost of the food basket envisaged would amount to $1,397,293,870 over a six-month period.**